

Instructions For Monthly Report of Tobacco Products, Snuff, and Chewing Tobacco



General Information

Form 73A422, Monthly Report of Tobacco Products, Snuff, and Chewing Tobacco, shall be filed monthly by every licensed distributor who possesses tobacco products for resale within this state on which the tax imposed has not been paid. Payment of the tobacco products tax is due with the return.

The licensed distributor that first possesses tobacco products for sale to a retailer in this state or for sale to a person who is not licensed by the department shall be the distributor liable for the tax imposed. Any retailer in this state in possession of untaxed tobacco products is liable for the tax when the tobacco products are purchased.

The tax is due in the month the product is sold to a Kentucky retailer. The tax is based on the sales price of the tobacco product sold to the retailer, or in the case of snuff and chewing tobacco, the net weight of the products sold.

If granted a license by the department, a retailer may purchase from a distributor not licensed by the department. If a license has been granted, the retailer is responsible for filing a Form 73A422 and remitting the tobacco products tax due to the department. A retail distributor's tax is based on the purchase price or net weight, as applicable, of the untaxed products purchased from distributors not licensed with the department.

When to File

Form 73A422 and your tobacco tax payment are due on the twentieth (20th) day of the month following the month in which the transactions occurred.

Definitions

Tobacco Products: Any smokeless tobacco products, smoking tobacco, chewing tobacco, and any kind or form of tobacco prepared in a manner suitable for chewing or smoking, or both, or any kind or form of tobacco that is suitable to be placed in an individual's oral cavity, but does not include cigarettes or reference cigarettes.

Distributor: Any person within this state in possession of tobacco products for resale within this state on which the tax imposed has not been paid. ***No person shall act as a distributor of tobacco products without first obtaining a license from the department.***

Retail Distributor: A retailer licensed by the department for the privilege of purchasing tobacco products from a distributor not licensed by the department.

Chewing Tobacco: Any leaf tobacco that is not intended to be smoked and includes loose leaf chewing tobacco, plug chewing tobacco, and twist chewing tobacco, but chewing tobacco does not include snuff.

Single Unit: A consumer-sized container, pouch, or package containing less than four (4) ounces of chewing tobacco by net weight. It is produced by the manufacturer to be sold to consumers as a single unit and not produced to be divided or sold separately. It contains one (1) individual container, pouch, or package.

Half-Pound Unit: A consumer-sized container, pouch, or package containing at least four (4) ounces but not more than eight (8) ounces of chewing tobacco by net weight. It is produced by the manufacturer to be sold to consumers as a half-pound unit and not produced to be divided or sold separately. It contains one (1) individual container, pouch, or package.

Pound Unit: A consumer-sized container, pouch, or package containing more than eight (8) ounces but not more than sixteen (16) ounces of chewing tobacco by net weight. It is produced by the manufacturer to be sold to consumers as a pound unit and not produced to be divided or sold separately. It contains one (1) individual container, pouch, or package.

Snuff: Tobacco that is finely cut, ground, or powdered and is not for smoking. Snuff includes snus and dry snuff.

Tax Rates

Tobacco Products: Fifteen percent (15%) of the actual price for which the distributor sells the product. Retail distributors are taxed at fifteen percent (15%) of the total purchase price of the untaxed tobacco products.

Snuff: Nineteen cents (\$0.19) per each one and one-half (1-1/2) ounces or portion thereof by net weight.

Chewing Tobacco:

- a) Nineteen cents (\$0.19) per each single unit (net weight less than 4 ounces) sold. For retail distributors the tax is levied on purchases of untaxed chewing tobacco at the same rate.
- b) Forty cents (\$0.40) per each half-pound unit (net weight of at least 4 ounces but not more than 8 ounces) sold. For retail distributors the tax is levied

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on purchases of untaxed chewing tobacco at the same rate.

- c) Sixty-five cents (\$0.65) per each pound unit (net weight of at least 8 ounces but not more than 16 ounces) sold. For retail distributors the tax is levied on purchases of untaxed chewing tobacco at the same rate.

If the container, pouch, or package on which the tax is levied contains more than sixteen (16) ounces by net weight, the rate that shall be applied to the unit shall equal the sum of sixty-five cents (\$0.65) plus nineteen cents (\$0.19) for each increment of four (4) ounces or portion thereof exceeding sixteen (16) ounces sold. For retail distributors the tax is levied on purchases of untaxed chewing tobacco at the same rate.

Instructions

Lines 1 through 7:

Line 1: Total distributor's sales price of taxable tobacco products (excluding snuff and chewing tobacco) sold in Kentucky for the reporting month, or if you are a retail distributor, report the total purchase price of untaxed tobacco products (excluding snuff and chewing tobacco) purchased for the reporting month. **(Do not include tobacco products tax in line 1).**

Line 2: Taxable sales/purchases may be adjusted to account for the following transactions:

- Less portion of tobacco products sales price reported on line 1 on which you previously paid the 15% tax to your supplier (another licensed supplier); or
- Less portion of tobacco products sales price or purchase price reported on line 1 that you returned to the distributor for credit.

(Do not include tobacco products tax in line 2). Total adjustments may not exceed total taxable transactions. Excess adjustments may be carried over to the following month's return. ***Separate sheet summarizing any line 2 adjustments is required.***

Line 3: Net sales/purchases equals line 1 plus or minus adjustments made on line 2.

Line 4: Tobacco products taxed at the rate of fifteen percent (15%).

Line 5: Tobacco products tax due before the distributor discount equals line 3 multiplied by the tax rate on line 4.

Line 6: If a distributor or retail distributor timely reports and pays the tax due, a deduction of one percent (1%) of the tax due may be taken. Multiply the tax due on line 5 by 1% (.01).

Line 7: Total tobacco products tax due equals line 5 minus the distributor discount on line 6.

Lines 8 through 16:

Lines 8 – 10: The tax on snuff is based on the net weight of product sold during the reporting month. For retail distributors, the tax is based on purchases of untaxed snuff during the reporting month. Sales/purchases and adjustments are reported in units. Adjustments are made to total sales/purchases, in units, during the month. ***Separate sheet summarizing any adjustments is required.***

Line 11: Snuff taxed at the rate of nineteen cents (\$0.19) per each one and one-half (1-1/2) ounces or portion thereof by net weight sold.

Line 12: Snuff tax equals line 10 multiplied by the tax rate on line 11.

Line 13: A distributor discount may be applied for the same reasons as line 6.

Line 14: Total snuff tax due equals line 12 minus the distributor discount on line 13.

Line 15: Enter the total amount of chewing tobacco tax due from page 2, line 40.

Line 16: Add line 7, line 14, and line 15 and enter the total amount of tax due. ***Make your check payable to Kentucky State Treasurer.***

Line 17 through 21:

Lines 17 – 19: The tax on chewing tobacco is based on the net weight of product sold during the reporting month. For retail distributors, the tax is based on purchases of untaxed chewing tobacco during the reporting month. Sales/purchases and adjustments are reported in units. Adjustments are made to total sales/purchases, in units, during the month. ***Separate sheet summarizing any adjustments is required.***

Line 20: Chewing tobacco taxed at the rate of nineteen cents (\$0.19) per each single unit (less than 4 ounces) sold.

Line 21: Tax due on single units of chewing tobacco equals line 19 multiplied by the tax rate on line 20.

Lines 22 through 26:

Lines 22 – 24: The tax on chewing tobacco is based on the net weight of product sold during the reporting month. For retail distributors, the tax is based on purchases of untaxed chewing tobacco during the reporting month. Sales/purchases and adjustments are reported in units. Adjustments are made to total sales/purchases, in units, during the month. ***Separate sheet summarizing any adjustments is required.***

Line 25: Chewing tobacco taxed at the rate of forty cents (\$0.40) per each half-pound unit (more than 4 ounces but not more than 8 ounces) sold.

Line 26: Tax due on half-pound units of chewing tobacco equals line 24 multiplied by the tax rate on line 25.

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Lines 27 through 31:

Lines 27 – 29: The tax on chewing tobacco is based on the net weight of product sold during the reporting month. For retail distributors, the tax is based on purchases of untaxed chewing tobacco during the reporting month. Sales/purchases and adjustments are reported in units. Adjustments are made to total sales/purchases, in units, during the month. ***Separate sheet summarizing any adjustments is required.***

Line 30: Chewing tobacco taxed at the rate of sixty-five cents (\$0.65) per each pound unit (more than 8 ounces but not more than 16 ounces) sold.

Line 31: Tax due on pound units of chewing tobacco equals line 29 multiplied by the tax rate on line 30.

Lines 32 through 39:

Each unit shall have a net weight of more than sixteen (16) ounces. The pound unit rate of sixty-five cents (\$0.65) shall be increased by nineteen cents (\$0.19) per four (4) ounces or portion thereof exceeding sixteen (16) ounces.

Line 32: Enter the net sales/purchases of units of chewing tobacco with a net weight of more than sixteen (16) ounces but not more than twenty (20) ounces, multiply by the tax rate of eighty-four cents (\$0.84) and enter the total on line 32.

Line 33: Enter the net sales/purchases of units of chewing tobacco with a net weight of more than twenty (20) ounces but not more than twenty-four (24) ounces, multiply by the tax rate of one dollar and three cents (\$1.03) and enter the total on line 33.

Line 34: Enter the net sales/purchases of units of chewing tobacco with a net weight of more than twenty-four (24) ounces but not more than twenty-eight (28) ounces, multiply by the tax rate of one dollar and twenty-two cents (\$1.22) and enter the total on line 34.

Line 35: Enter the net sales/purchases of units of chewing tobacco with a net weight of more than twenty-eight (28) ounces but not more than thirty-two (32) ounces, multiply by the tax rate of one dollar and forty-one cents (\$1.41) and enter the total on line 35.

Lines 36: For all units of chewing tobacco exceeding thirty-two (32) ounces attach a separate sheet detailing the amount of net sales/purchases of units of chewing tobacco multiplied by the appropriate tax rate. The appropriate tax rate used shall be one dollar and sixty cents (\$1.60) and remember to increase by nineteen cents (\$0.19) per four (4) ounces or portion thereof exceeding sixteen (32) ounces.

Line 37: To compute the tax due on chewing tobacco more than 16 ounces add line 32, line 33, line 34, line 35, and line 36 and enter the total on line 37.

Line 38: To compute the chewing tobacco tax due add line 21, line 26, line 31, and line 37 and enter the total on line 38.

Line 39: A distributor discount may be applied for the same reasons as line 6.

Line 40: Total chewing tobacco tax due equals line 38 minus distributor discount on line 39.

Part IV:

List the nonparticipating manufacturer for each RYO brand that was sold in Kentucky during the month in which the tobacco products tax was paid. If the roll your own tobacco was not purchased directly from the manufacturer, that information may be obtained from the carton or packaging. If the roll your own tobacco was received from another wholesaler who has already paid the tobacco products tax, do not list on this report. If you do not sell any roll your own tobacco during the month from a nonparticipating manufacturer, enter "NONE" in the boxes. All boxes shall be completed.

Record Retention

Each licensed distributor and each licensed retail distributor shall keep in each licensed place of business complete and accurate records for that place of business. Records include itemized invoices of tobacco products purchased and brought into the state for sale in the state and shipped or transported to retailers in the state. Records should include all sales, purchase and disbursement journals, other books of original entry, general ledgers, and other records required to calculate, verify, and document adjustments claimed and taxes paid. Licensees shall preserve all such books and records on the immediate premises of the place of business for a period of not less than four (4) years from the making of the records. The records of all licensees shall be available during this period of time for inspection by agents of the Department of Revenue.

If a person liable for the tobacco products tax fails or refuses to file a correct and proper return, the department may make an estimate of the amount of tax due from any information in its possession and assess taxes, penalties and interest due the state by such taxpayer.

Additional Information

Additional information, including the Tobacco Products Guidelines and Form 73A422, is available on the Department website at www.revenue.ky.gov.

If you need assistance you may call (502) 564-6823.